

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | PHILIP Y. BROWN, ESQ. | JOHN B. LANGAN | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY

## MEMORANDUM

TO: Easthampton Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 9, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on August 1 of each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



Easthampton Retirement System  
January 1, 2014 Actuarial Valuation

Alternative 3A  
7.75% Investment Return  
5.0% Increasing Until FY26  
\$14,000 COLA Base

Total Increasing 5.0% each year through FY26

| <u>Fiscal</u><br><u>Year</u> | <u>Normal</u><br><u>Cost</u> | <u>Net</u><br><u>3(8)(c)</u> | <u>Amort. of</u><br><u>UAL</u> | <u>Amort. of</u><br><u>2003 ERIP</u> | <u>Total</u><br><u>Cost</u> | <u>Unfunded</u><br><u>Act. Liab.</u> | <u>Percent</u><br><u>Increase</u><br><u>Total Cost</u> |
|------------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------------|-----------------------------|--------------------------------------|--|
| 2015                         | 809,100                      | 80,000                       | 1,465,099                      | 86,624                               | 2,440,823                   | 18,054,514                           |  |
| 2016                         | 845,510                      | 80,000                       | 1,626,866                      | 86,624                               | 2,639,000                   | 17,792,088                           | 8.1%   |
| 2017                         | 883,557                      | 80,000                       | 1,720,818                      | 86,624                               | 2,771,000                   | 17,336,096                           | 5.0%   |
| 2018                         | 923,318                      | 80,000                       | 1,820,058                      | 86,624                               | 2,910,000                   | 16,744,157                           | 5.0%   |
| 2019                         | 964,867                      | 80,000                       | 1,924,509                      | 86,624                               | 3,056,000                   | 16,000,073                           | 5.0%   |
| 2020                         | 1,008,286                    | 80,000                       | 2,034,090                      | 86,624                               | 3,209,000                   | 15,086,472                           | 5.0%   |
| 2021                         | 1,053,659                    | 80,000                       | 2,235,341                      |                                      | 3,369,000                   | 13,984,722                           | 5.0%   |
| 2022                         | 1,101,073                    | 80,000                       | 2,355,927                      |                                      | 3,537,000                   | 12,674,840                           | 5.0%   |
| 2023                         | 1,150,622                    | 80,000                       | 2,483,378                      |                                      | 3,714,000                   | 11,134,313                           | 5.0%   |
| 2024                         | 1,202,400                    | 80,000                       | 2,617,600                      |                                      | 3,900,000                   | 9,337,916                            | 5.0%   |
| 2025                         | 1,256,508                    | 80,000                       | 2,758,492                      |                                      | 4,095,000                   | 7,258,566                            | 5.0%   |
| 2026                         | 1,313,050                    | 80,000                       | 2,906,950                      |                                      | 4,300,000                   | 4,867,194                            | 5.0%   |
| 2027                         | 1,372,138                    | 80,000                       | 2,144,769                      |                                      | 3,596,907                   | 2,131,517                            | -16.4%   |
| 2028                         | 1,433,884                    | 80,000                       |                                |                                      | 1,513,884                   | 0                                    | -57.9%   |

Appropriation payments assumed to be made August 1 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$275,000

FY15 amount maintained at level of current schedule.

Total appropriation increases 5.0% each year until FY26 with a final amortization payment in FY27.

The FY16 amount reflects an increase of \$76,000 over the 5.0% to reflect the increase in the COLA base.